

ALLOCATION PLAN

The Settlement Fund to be distributed to Settlement Class Members who do not opt out from the Settlement consists of the Settlement Consideration of \$18,500,000.00 minus (1) Administration Expenses and (2) the Fee Award.

The Settlement Fund will be divided into an Economic Damages Fund and a Severe Emotional Distress Damages Fund. Settlement Class Members will automatically receive an allocated payment from the Economic Damages Fund and will be eligible to apply for a further payment from the Severe Emotional Distress Damages Fund.

ECONOMIC DAMAGES FUND

The Economic Damages Fund contains the entire Settlement Fund except for Administrative Expenses, the Fee Award, and Service Awards, and \$1,000,000.00 reserved for the Severe Emotional Distress Damages Fund. All Settlement Class Members who do not opt out from the Settlement will automatically receive a share of the Economic Damages Fund using the formula described below without having to complete a claim form. Payments from the Economic Damages Fund consist of checks sent by first class mail.

The basic allocation methodology sets a minimum payment from the Net Settlement Fund of \$14,000.00 (which results in minimum total compensation, including prior payments Wells Fargo made [“Remediation Payments”], of \$24,000) and, provides that every Settlement Class Member will receive an aggregate amount of net settlement payments plus payments made by Wells Fargo that is at least 38% of their Unpaid Principal Balance (“UPB”), as shown in Wells Fargo’s records, with the exception that payments will be reduced for delinquency periods longer than six months.

Specifically, each Settlement Class Member will receive a minimum payment from the Economic Damages Fund of \$14,000.00. For those Settlement Class Members whose Remediation Payments were less than 38% of UPB, they will receive from the Economic Damages Fund such additional amount that will bring their total Remediation Payment plus Economic Damages Fund payment to 38% of their UPB. However, that number will be reduced by 5% for every six months any Settlement Class Member was delinquent on their Loans. Payments from the Economic Damages Fund using this formula are subject to a minimum of \$14,000.00 and a maximum of \$120,000.00 as to the initial distribution (*see* Second Distribution for Remaining Funds below).

SEVERE EMOTIONAL DISTRESS DAMAGES FUND

The Settlement Fund will also include a Severe Emotional Distress Damages Fund in the amount of \$1,000,000.00. If a Settlement Class Member chooses to file a claim for severe emotional distress, the Settlement Class Member will submit a claim form electronically or mail a claim form to the Class Action Administrator within forty five (45) calendar days after the Notice Date.

The claim form will request Settlement Class Members to describe, in narrative form, their claim for severe emotional distress, including a description of any medical visits or prescriptions and an opportunity to submit documentation supporting their claim.

The Class Action Administrator will submit all such claims to Cathy Yanni, who will serve as the Class Action Administrator's Agent. Ms. Yanni will review all timely claims submitted and allocate funds as appropriate to applicant Settlement Class Members based on her independent review of the merits of each claim. As set forth in the Agreement, Settlement Class Members will have an opportunity to contest the initial award. Ms. Yanni will review these challenges and render a final decision from which no further appeal can be taken.

SECOND DISTRIBUTION FOR REMAINING FUNDS

Within 180 calendar days of the issue date on a check for any Settlement Class Member receiving monetary relief from the Severe Emotional Distress Damages Fund, any funds remaining in either the Economic Damages Fund or the Severe Emotional Distress Damages Fund will be distributed to Settlement Class Members who cashed initial Economic Damages Fund checks on a pro rata basis based on each Settlement Class Member's proportionate share of the total checks cashed from the Economic Damages Fund. If this residual amount is less than \$25,000 (i.e. less than an average of \$50 per class member), it will be distributed to a cy pres award recipient agreed upon by the parties and approved by the Court.